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Administration Continues Covert Talks On Freeing U.S. Hostages in Lebanon

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WASHINGTON—The Reagan administration is continuing its covert negotiations to free American hostages in Lebanon, despite the uproar over disclosures it allowed U.S.-made military equipment to go to Iran in return for the release of three of them.

Over the weekend, Lt. Col. Oliver North, a White House aide who operates behind the scenes, left the country to continue seeking the release of hostages held by pro-Iranian terrorists in Lebanon. It isn't known where Col. North went, with whom he is meeting, or whether his latest maneuver involves any further promises of military shipments to Tehran.

Meanwhile, disclosure of the arms-for-hostages policy, which wasn't widely known even within the State and Defense departments, has revealed deep splits in the administration and even raised speculation in the State Department that Secretary George Shultz, who opposed the policy, might resign.

Congressional leaders also have been highly critical and seem poised to conduct a major investigation of the policy when Congress reconvenes in January.

Substantial Israeli Role

In addition, administration officials disclosed a substantial Israeli role in the highly unusual visit to Iran in September by former National Security Adviser Robert McFarlane. U.S. officials said Mr. McFarlane, whose secret trip was first revealed in a Lebanese magazine last week, took with him to Iran the director-general of Israel's foreign ministry, David Kimche, among others.

Mr. Kimche and other Israeli officials were instrumental in suggesting to the U.S. the arms-for-hostages deal and helping to carry it out, through shipments of American military parts from Israel and other third countries.

Col. North has been a key participant in the secret, months-long White House effort to trade arms to Iran for the freeing of hostages. He also has figured heavily in some other covert Reagan administration policies, including the private U.S. aid to so-called Contra rebels in Nicaragua. He has made repeated trips to the Middle East in recent months in connection with the hostage situation. The colonel works for National Security Adviser John Poindexter and worked with his predecessor, Mr. McFarlane.

According to administration officials, Mr. Shultz and Defense Secretary Caspar

Weinberger opposed the swap of arms shipments for hostages, but lost out to Messrs. McFarlane and Poindexter.

Last year, when some Pentagon officials wrote a memo to Mr. Weinberger urging warmer ties with Khomeini's Iran, including the shipment of military parts, he penned his reaction in the margin: "Absurd."

No Comment on Matter

The speculation this weekend about a possible Shultz resignation occurred because the revelations on spare-parts shipments have seriously undercut the secretary's strongly advocated public policy of not negotiating with terrorists. A department spokeswoman yesterday refused to comment on the matter.

In a policy statement last summer, the State Department said: "The U.S. government will make no concessions to terrorists holding official or private U.S. citizens hostage. It will not pay ransom, release prisoners, change its policies, or agree to other acts that might encourage additional terrorism."

Last week, Mr. Shultz found himself in the embarrassing position of trying to persuade the French government to get tough on Syria for terrorism, even while the U.S. dealings with Iran were being revealed. State Department officials described as contentious a meeting with French Prime Minister Jacques Chirac.

That the arms shipments occurred in the face of such top-level objections underscores the fragmented and contradictory nature of U.S. policies in the area. It has engendered bitterness within the Defense and State departments as well as among European and Mideast allies.

(The White House program toward Iran illustrates the Reagan administration's penchant for substituting covert action for foreign policy, which is threatening to revive partisan squabbling. See story on page 26.)

Mr. Shultz's credibility also has been undercut by the White House. State Department officials, including the secretary, have stated repeatedly that they have been instructed to refer all questions concerning

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